

November 14, 2019

Jason Mohr, Research Analyst  
Staff for Natural Resources and Senate Agriculture, Livestock, and Irrigation Committees  
Montana Legislative Environmental Policy Office  
PO Box 201704  
Helena, MT 59620-1704

Mr. Mohr:

The following letter briefly outlines the Department of Revenue's (DOR) process for updating ownership data and our involvement with Department of Natural Resources and Conservation (DNRC) for maintaining water right information.

Whenever a property sells or transfers ownership, a Realty Transfer Certificate (RTC) must be completed and filed with the County Clerk and Recorder when the instrument or deed evidencing a transfer of real estate is presented for recording. The completed RTC is then provided to the DOR field office servicing that county, so that DOR can make the corresponding ownership updates to the property records in our computer system.

Accompanying the RTC is information concerning water right disclosures, along with a DNRC water right ownership transfer form which is to be completed and sent to DNRC if water rights are also included in the transfer. This portion of the RTC does not come to the DOR.

The first of every month DNRC provides DOR with an upload file of water right ownership changes/transfers which we upload into our system. DOR does not use this information for any purpose but simply maintains it to assist DNRC. DOR then sends a report log back to DNRC confirming all the changes that were made in our system as of a result of the import for verification.

DOR provides three additional files to DNRC. One contains all the ownership changes that have been made in our system for the previous month and the second contains any splits/combinations of parcels that have been entered over the previous month. Lastly DNRC provides DOR with a list of Geocodes, DOR then provides DNRC with a list of transfers that have occurred since July 1, 2008 for the provided list of geocodes which contains the most recent sales date along with each water right associated with that property.

Based on the current process the following areas might need reviewed or could potentially result in discrepancies between DNRC and DOR ownership and water right information.

- Review the water right disclosure information page and water right ownership update form included with the RTC to see if any changes, updates, or clarification is needed.
- Differences resulting from the timing of when DNRC makes an update to water right ownership versus when the department updates property ownership in our system. DNRC might update water right ownership prior to the department updating property ownership

or vice versa which might result in discrepancies between the import and export files shared between DNRC and DOR.

- Changes to a geocode. DOR tries not to make changes to an existing geocode but there are times when correcting a geocode may be necessary which could result in a discrepancy between DNRC and DOR information. Additionally, there's potential for the wrong geocode getting entered on the water rights ownership update form from what the actual geocode is in our system.

If you have questions, comments, or concerns regarding this information, please contact me at your earliest convenience.

Sincerely,

Kory Hofland, Deputy Administrator  
Property Assessment Division  
PO Box 8018  
Helena, MT 59604-8018  
(406)444-0499